

6 when such action may be deemed advisable by the commission for the
7 protection of the trust fund or the preservation of the value of the
8 investment. Such sales of securities or other property of the trust
9 fund shall only be made after advice from the advisory board in the
10 manner and to the extent provided in this chapter in regard to the
11 purchase of investments.

12 To subscribe, in accordance with the direction of the commission,
13 for the purchase of securities for future delivery in anticipation of
14 future income. Such securities shall be paid for by such anticipated
15 income or from funds from the sale of securities or other property
16 held by the fund.

17 To pay for securities directed to be purchased by the commission on
18 the receipt of the purchasing bank's paid statement or paid confirma-
19 tion of purchase.

1 SEC. 2. This Act being deemed of immediate importance shall be in
2 full force and effect from and after its publication in The Lowden News,
3 a newspaper published at Lowden, Iowa, and in the Marshalltown
4 Times-Republican, a newspaper published at Marshalltown, Iowa.

Approved April 22, 1963.

I hereby certify that the foregoing Act, House File 310, was published in The Lowden News, Lowden, Iowa, May 1, 1963, and in the Marshalltown Times-Republican, Marshalltown, Iowa, April 27, 1963.

MELVIN D. SYNHORST, *Secretary of State.*

CHAPTER 96

PUBLIC EMPLOYEES RETIREMENT SYSTEM

S. F. 70

AN ACT to amend chapter ninety-seven B (97B), Code 1962, relating to the Iowa Public Employees Retirement System.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section ninety-seven B point forty-one (97B.41),
2 Code 1962, is hereby amended by striking from subsection one (1)
3 all of lines thirteen (13) to nineteen (19), inclusive, and inserting in
4 lieu thereof the following:

5 "a. For each calendar year up to January 1, 1964, that part of the
6 remuneration for employment which exceeds four thousand dollars
7 (\$4,000.00) in each such calendar year.

8 b. For the calendar year beginning on January 1, 1964 and each
9 calendar year thereafter, that part of the remuneration for employ-
10 ment which exceeds forty-eight hundred dollars (\$4,800.00) in each
11 such calendar year."

1 SEC. 2. Section ninety-seven B point forty-nine (97B.49), Code
2 1962, is hereby amended by adding thereto, immediately following
3 subsection two (2) the following:

4 "Effective as of January 1, 1964, an additional monthly retirement
5 allowance shall be provided to members as determined by subsections
6 three (3) and four (4) following:

7 3. Each member who has qualified for prior service credit in ac-
8 cordance with the first paragraph of section ninety-seven B point
9 forty-three (97B.43) of the Code shall be entitled to an additional
10 monthly prior service retirement allowance of an amount equal to
11 the monthly prior service retirement allowance such member is en-
12 titled to under subsection two (2) of this section.

13 4. Each member who is credited with retirement dividends and
14 interest dividends in accordance with section seven (7) of this Act
15 shall be entitled to an additional monthly retirement allowance of an
16 amount equal to the actuarial equivalent of the total under this chap-
17 ter of the retirement dividends and interest dividends so credited to
18 such member.

19 The additional monthly retirement allowance shall commence on
20 January 1, 1964 for those members who began receiving retirement
21 allowance payments under subsections one (1) and two (2) of this
22 section prior to January 1, 1964. For members who retire on or after
23 January 1, 1964, the additional monthly retirement allowance shall
24 commence on the same date as the retirement allowance provided for
25 by subsections one (1) and two (2) of this section."

1 SEC. 3. Section ninety-seven B point fifty (97B.50), Code 1962,
2 is hereby amended by striking the word and number "subsection 2"
3 in lines twelve (12) and thirteen (13) and inserting in lieu thereof:
4 "subsections two (2) and three (3)".

5 Said section is hereby further amended by striking the entire third
6 paragraph.

1 SEC. 4. Section ninety-seven B point fifty-one (97B.51), Code
2 1962, is hereby amended by inserting in line four (4) the words "one
3 of" immediately following the word "under" and changing the word
4 "option" to "options" in line four (4).

5 Said section is hereby further amended by adding thereto the fol-
6 lowing subsections:

7 "4. A member may elect to receive an increased retirement allow-
8 ance during his lifetime with no death benefit after his retirement
9 date.

10 5. A member may elect to receive an increased retirement allow-
11 ance during his lifetime with a death benefit after his retirement date
12 equal to the excess, if any, of the accumulated contributions by the
13 member as of said date, over the total monthly retirement allowances
14 received by him under the retirement system. Such death benefit
15 shall be paid to his beneficiary."

1 SEC. 5. Section ninety-seven B point fifty-two (97B.52), subsec-
2 tion one (1), Code 1962, is hereby amended by inserting the words
3 "and employer" in line four (4) immediately following the word
4 "member".

5 Said section is hereby further amended by inserting the words

6 "and employer" in line four (4) of subsection two (2) immediately
7 following the word "member".

8 Said section is hereby further amended by inserting in line nine
9 (9) of subsection two (2) immediately following the number "1" the
10 following ", four (4) or five (5)".

1 SEC. 6. Section ninety-seven B point fifty-three (97B.53), Code
2 1962, is hereby amended by inserting the words and number "and
3 subsection six (6)" in line thirteen (13) immediately following the
4 number "5".

5 Said section is hereby further amended by striking from subsection
6 two (2) all following the word "applicable" in line twenty-five (25).

7 Said section is hereby further amended by adding thereto the fol-
8 lowing subsection:

9 "6. Any member who terminates employment before he is entitled
10 to the benefits of subsection two (2) of this section or the right of
11 election under subsection five (5) of this section and who does not
12 claim and receive a refund of his accumulated contributions within
13 five (5) years of his date of termination shall, in event he makes
14 claim for such refund more than five (5) years after his date of ter-
15 mination, be required to submit proof satisfactory to the commission
16 of his entitlement to such refund. The commission shall be under no
17 obligation to maintain the accumulated contribution accounts of such
18 former members for more than five (5) years after their dates of
19 termination. The amounts released by cancellation of the accumu-
20 lated contribution accounts of such former members shall be made a
21 part of the retirement dividends to be allocated to members in ac-
22 cordance with section seven (7) of this Act.

23 Any person who made contributions to the abolished system who is
24 entitled to a refund in accordance with section ninety-seven point
25 fifty-one (97.51) subsection four (4) of the Code, and who has not
26 claimed and received such refund prior to January 1, 1964 shall, in
27 event he makes a claim for such refund after January 1, 1964, be
28 required to submit proof satisfactory to the commission of his en-
29 titlement to such refund. The commission shall be under no obli-
30 gation to maintain the contribution accounts of such persons after
31 January 1, 1964. The amounts released by cancellation of the con-
32 tribution accounts of such persons shall be made a part of the retire-
33 ment dividends to be allocated to members in accordance with section
34 seven (7) of this Act."

1 SEC. 7. Chapter ninety-seven B (97B), Code 1962, is hereby
2 amended by adding thereto the following section:

3 "The commission shall declare certain dividends to members of the
4 system. The method of determining the amount of such dividends
5 and the methods of crediting or paying such dividends to members
6 shall be as follows:

7 1. *Dividends to active members.*

8 a. *Interest dividends.* Within sixty days after the end of each cal-
9 endar year, the advisory investment board shall determine the aver-
10 age annual net rate of interest earned on the retirement fund for the
11 calendar year just ended. The amount of interest dividend for each

12 active member for such calendar year shall be equal to the product
13 of (1) the excess annual rate of interest for such year, times (2)
14 such member's accumulated contributions as of January 1 of such
15 year. The excess annual rate of interest for such year shall be deter-
16 mined by the commission upon recommendation of the advisory in-
17 vestment board, but in no event shall such rate exceed the excess, if
18 any of (3) the average annual net rate of interest earned on the
19 retirement fund for such year, over (4) the annual rate of interest
20 credited to each member's accumulated contributions under subsection
21 nine (9) of section ninety-seven B point forty-one (97B.41) plus
22 .0025. The average annual net rate of interest and the excess annual
23 rate of interest shall each be calculated, in decimal form, to the near-
24 est ten thousandths—i.e. four decimal places.

25 The amount of interest dividend for each active member, deter-
26 mined as provided in this paragraph "a", shall be credited to and
27 made a part of such member's accumulated contributions as of De-
28 cember 31 of the year for which such dividend is computed. In the
29 annual statements of accumulated credit as required by section
30 ninety-seven B point eighteen (97B.18) of the Code such dividend
31 may either be shown separately and labeled "interest dividend" or
32 it may be included with the regular interest credited to the member
33 in accordance with subsection nine (9) of section ninety-seven B
34 point forty-one (97B.41) of the Code.

35 Interest dividends shall also be credited to employers' contribu-
36 tions at the same rate as provided in this paragraph "a" for mem-
37 bers' contributions.

38 "Active member" means a member who is not receiving benefit
39 payments from the system and who made contributions to the sys-
40 tem at any time during the calendar year for which dividends are
41 being computed, and who had not received or applied for a refund of
42 his accumulated contributions prior to December 31 of such year.

43 *b. Retirement dividends.* The contributions, and interest thereon,
44 made by employers on behalf of active members who terminate em-
45 ployment and receive a refund of their contributions after December
46 31, 1962 shall be credited as retirement dividends each year to active
47 members who remain in employment, after first deducting from such
48 contributions the annual accrued liability contribution computed in
49 accordance with section ninety-seven B point fifty-four (97B.54) of
50 the Code for such year and the administration expenses of the sys-
51 tem allocated to the active members' future service account. Such
52 retirement dividends shall be used to provide retirement allowances
53 computed in accordance with section ninety-seven B point forty-nine
54 (97B.49) of the Code, subsection four (4), as amended by section
55 two (2) of this Act. Retirement dividends, including interest and
56 interest dividends credited thereto, credited to active members who
57 terminate employment and receive a refund of their accumulated
58 contributions prior to retirement under this chapter shall be can-
59 celed upon such receipt of refund and shall be reapportioned to the
60 active members who remain in employment. The amount of retire-
61 ment dividend to be credited each year to each active member shall
62 be determined as follows:

63 As of December 31, 1963, and as of each December 31 thereafter,
64 the commission shall cause to be determined

65 (1) The total amount of contributions, and interest thereon, made
66 by employers on behalf of active members who receive a refund of
67 their contributions during the year ending on such December 31;
68 plus the total amount of retirement dividend credits canceled during
69 the year ending on such December 31 with respect to members who
70 receive a refund of their contributions during the year ending on
71 such December 31; minus the annual accrued liability contribution
72 payable on the next June 30, computed in accordance with section
73 ninety-seven B point fifty-four (97B.54) of the Code; also minus the
74 administration expenses of the system allocated to the active mem-
75 bers' future service account.

76 (2) The total amount of contributions from all active members
77 received by the system during the year ending on such December 31.

78 The amount of retirement dividend to be credited to each active
79 member on each December 31 shall equal the ratio of subparagraph
80 "1" over subparagraph "2" of this paragraph "b" as of such Decem-
81 ber 31, multiplied by each such active member's contributions re-
82 ceived by the system during the year ending on such December 31.

83 Retirement dividends shall be credited with interest and interest
84 dividends each year at the same rates and in the same manner as
85 provided for with respect to the members' accumulated contributions.

86 The commission shall cause the retirement dividends, as computed
87 in accordance with this paragraph "b", to be credited to each active
88 member not later than the June 30 next following the December 31
89 as of which the retirement dividends are computed.

90 2. *Dividends to retired members and beneficiaries.* As of July 1,
91 1964, and as of July 1 at the end of each five-year period thereafter,
92 the actuary shall calculate, on the basis of the results of the actuarial
93 valuation made as of such July 1, the ration* of (a) the portion of the
94 retirement fund designated on the retirement fund records as
95 "Future Service—Retired Members", to (b) the present value of all
96 future service retirement allowances then being paid to retired mem-
97 bers and beneficiaries in accordance with subsections one (1) and
98 four (4) of section ninety-seven B point forty-nine (97B.49) of the
99 Code, as amended by section two (2) of this Act, or the equivalent
100 thereof in accordance with section ninety-seven B point fifty
101 (97B.50) or section ninety-seven B point fifty-one (97B.51) of the
102 Code as amended by sections three (3) and four (4) of this Act.
103 Such portion of the retirement fund as of any July 1 shall be calcu-
104 lated as the accumulation from July 1, 1953 to such July 1 of (c)
105 all accumulated contributions of members and employers and all
106 retirement dividends that have been applied to provide retirement
107 allowances under subsections one (1) and four (4) of section ninety-
108 seven B point forty-nine (97B.49) of the Code as amended by section
109 two (2) of this Act, from July 1, 1953 to such July 1, minus (d) all
110 future service retirement allowance payments made from July 1,
111 1953 to such July 1, minus (e) refunds of excess, if any, of retired
112 member's accumulated contributions, excluding prior service con-
113 tributions, over his future service retirement allowance payments,
114 minus (f) all administrative expenses allocated to retired members'
115 future service retirement allowances from July 1, 1953 to such July

*According to enrolled Act.

116 1, plus (g) all investment income that is allocated to the balance of
117 items "c" minus "d" minus "e" minus "f" from time to time during
118 the period from July 1, 1953 to such July 1.

119 The ratio computed in accordance with the first paragraph of this
120 subsection shall be rounded, in decimal form, to the nearest one
121 thousandth—i.e. three (3) decimal places. The fraction by which
122 such ratio exceeds 1.010 shall be known as the dividend rate percent
123 for retired members' future service retirement allowances, such rate
124 to be effective for the five-year period beginning on the January 1
125 next following the July 1 as of which such dividend rate percent is
126 computed.

127 The commission shall declare dividends be paid with respect to
128 retired members' future service retirement allowances. Such divi-
129 dends shall be in the form of an addition to the retired member's or
130 beneficiary's regular periodic retirement allowance. The amount of
131 such dividend to be so added shall be equal to the product of (g)
132 dividend rate percent for retired members' future service retirement
133 allowances or such portion thereof as the commission may declare,
134 times (h) the retired member's or beneficiary's regular periodic
135 future service retirement allowance. Such dividend shall be paid at
136 the same time as the retired member's or beneficiary's regular peri-
137 odic retirement allowance beginning on the January 1 as of which
138 such dividend rate percent is effective and ending on the December 31
139 five years thereafter or on the date the retired member's or benefi-
140 ciary's regular periodic retirement allowance ceases, if earlier. Divi-
141 dend payments shall be identified as such to the retired members and
142 beneficiaries.

143 At such time as the prior service portion of the retirement fund
144 becomes at least equal in value to the present value of all prior serv-
145 ice retirement allowances, with respect to both active and retired
146 members, as reflected in the actuarial valuation as of a July 1, divi-
147 dend payments may then be declared with respect to such prior serv-
148 ice retirement allowances. The procedure for determining any such
149 dividend payments shall be similar to, and may be combined with, the
150 procedure set forth in this subsection for determination of dividend
151 payments with respect to future service retirement allowances.

152 3. *Retirement dividends up to January 1, 1963.* The contributions,
153 and interest thereon, made by employers on behalf of active members
154 who terminated employment and received a refund of their contribu-
155 tions during the years from July 4, 1953 to December 31, 1962 and
156 the excess investment earnings on the retirement fund during those
157 years, excluding the amount of such contributions previously allo-
158 cated to the funding of prior service benefits and payment of admin-
159 istration expenses of the system and excluding excess investment
160 earnings previously allocated to the prior service account, shall be
161 allocated as retirement dividends among all members who are (a) in
162 active employment on January 1, 1963, or (b) retired and receiving
163 a retirement allowance under section ninety-seven B point forty-nine
164 (97B.49) of the Code, subsection one (1) on January 1, 1963. Excess
165 investment earnings means the investment earnings each year in
166 excess of two percent interest on the retirement fund for such year.

167 The allocation shall be made separately for each year from 1953
168 through 1962 as follows:

169 (c) The contributions, and interest thereon, made by employers
 170 on behalf of active members who terminated employment and re-
 171 ceived a refund of their contributions during the calendar year 1953
 172 and the excess investment earnings on the retirement fund for calen-
 173 dar year 1953, excluding the prior service account, shall be allocated
 174 among the members who were in active employment in 1953 and who
 175 are in the group of members defined in items "a" and "b" of the first
 176 paragraph of this subsection. Such allocation shall be made in direct
 177 proportion to the members' accumulated contribution accounts on
 178 January 1, 1963, for active members, or on the date of retirement for
 179 retired members.

180 (d) Allocations for each of the calendar years 1954 through 1962,
 181 inclusive, shall be made by the same procedure as provided in para-
 182 graph "c" for the year 1953. The amount to be allocated each year
 183 shall exclude the amount, if any, that was allocated to the funding of
 184 prior service benefits and administration expenses for each such year.

185 (e) The sum of the allocations made to each member pursuant to
 186 paragraphs "c" and "d" shall be credited to each such member as a
 187 retirement dividend to be applied to provide him with additional
 188 retirement allowance in accordance with section ninety-seven B point
 189 forty-nine (97B.49), subsection four (4), of the Code as amended by
 190 section two (2) of this Act.

191 (f) Retirement dividends so credited to active members who ter-
 192 minate employment and receive a refund of their accumulated con-
 193 tributions prior to retirement under this chapter shall be canceled
 194 upon such receipt of refund and shall be reapportioned to the active
 195 members who remain in employment."

1 SEC. 8. Section ninety-seven B point fifty-four (97B.54), Code
 2 1962, is amended by striking all of said section after the word and
 3 period "made." in line twenty-four (24) and inserting in lieu thereof
 4 the following: "No obligation shall inure to this system from the
 5 general fund of the state of Iowa under this section."

1 SEC. 9. Section ninety-seven B point fifty-five (97B.55), Code
 2 1962, is hereby repealed.

1 SEC. 10. Section ninety-seven B point nine (97B.9), Code 1962,
 2 is hereby amended by adding to subsection two (2) thereof the fol-
 3 lowing: "; provided however, the tax shall be paid from the same
 4 fund as the employee salary."

5 Further amend said section by striking the period in line four (4)
 6 of subsection three (3) thereof and adding the following: "if any
 7 tax is needed."

1 SEC. 11. There is hereby appropriated out of the Iowa Public
 2 Employees Retirement System Fund, the sum of one million dollars
 3 to the general fund of the state of Iowa to replace a like amount
 4 which was advanced to Iowa Public Employees Retirement System
 5 Fund under Section 54, Chapter 72, Acts of the Fifty-fifth General
 6 Assembly.

1 SEC. 12. Chapter ninety-seven B (97B), Code 1962, is amended
 2 by adding a new section as follows: A claim may be filed by any

3 employee for repayment of any taxes withheld over the first forty-
 4 eight hundred dollars in earnings in any one year, by one or more
 5 employers. The commission shall if a claim is allowed to the em-
 6 ployee, also mail a refund check for the taxes paid by the employer
 7 for the employee on which the employee is allowed a refund. The
 8 commission shall have power and authority to require the filing of a
 9 proper application by the employee before the claim shall be allowed.
 10 Any claim for such refund shall be made within three years of date
 11 of payment and not thereafter. For lack of time and cause, adjust-
 12 ments, compromises or refunds may be made by the commission on
 13 its own initiative.

Approved March 13, 1963.

CHAPTER 97

CIGARETTE MACHINES

S. F. 126

AN ACT relating to the use of vending machines in the sale of cigarettes and providing for the licensing of such machines.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section ninety-eight point one (98.1), Code 1962, is
 2 hereby amended by adding thereto the following new subsections:
 3 "1. 'Cigarette vending machine' means any self-service device of-
 4 fered for public use which, upon insertion of a coin, coins, paper cur-
 5 rency, or by other means, dispenses cigarettes without the necessity
 6 of replenishing the device between each vending operation.
 7 "2. 'Cigarette vendor' means any person who by contract, agree-
 8 ment, or ownership takes responsibility for furnishing, installing,
 9 servicing, operating, or maintaining one or more cigarette vending
 10 machines for the purpose of selling cigarettes at retail."

1 SEC. 2. Section ninety-eight point thirty-six (98.36), Code 1962,
 2 is hereby amended as follows:
 3 1. By striking subsection six (6) of such section.
 4 2. By adding thereto the following new subsection:
 5 "Any sales of cigarettes made through a cigarette vending machine
 6 shall be subject to rules, regulations, and penalties relative to retail
 7 sales of cigarettes provided for in this chapter. No cigarettes shall be
 8 sold through any cigarette vending machine unless such cigarettes
 9 shall have been properly stamped or metered as provided by this chap-
 10 ter, and in case of violation of this provision, the permit of the dealer
 11 authorizing retail sales of cigarettes shall be cancelled. Payment of
 12 the license fee as provided in section ninety-eight point thirteen
 13 (98.13) of the Code, shall authorize a cigarette vendor to sell cigar-
 14 ettes through a vending machine or vending machines, provided that
 15 the machine or machines are located in a place or places where the
 16 machine or machines are under the supervision of a responsible person
 17 of legal age who will be responsible for prevention of purchase by